

UNITED STATES INTERNATIONAL TRADE COMMISSION
Hearing on Small and Medium-Sized Enterprises
March 12, 2010

Holiday Inn Portland Airport
8439 N.E. Columbia Blvd., Portland, OR 97220

TESTIMONY OF KATY COBA, DIRECTOR, OREGON DEPARTMENT OF
AGRICULTURE

Thank you for coming to Portland; I welcome you to Oregon. I would like to take this opportunity to introduce to you some of the fundamentals of agriculture in this state.

Diversity is the primary descriptor here. The size and scope of Oregon agricultural is largely small to medium-sized in almost its entirety. There are roughly 34,000 farming entities, mostly sole proprietors, and a some organized as family corporations, partnerships, LLCs, etc.

These growers oversee the production of more than 250 different commodities, ranging from nursery and grass seed production, to livestock and dairy, cherries and pears, to hazelnuts and blueberries, and so many more.

- In 2008, farm gate value (sales from farms) reached \$5 billion. We believe this aggregate value will be down 15-20% due to the economic conditions in 2009.
- Oregon agriculture products are shipped out of state and overseas in both raw form and value-added products. Because of the large multiplier this generates, a recent study by Oregon State University calculated that the total economic footprint in Oregon from agriculture production accounts for over 10% of the gross state product when considering all stages of production, processing, warehousing and distribution, and so forth.
- This traded sector further provides 1 in every 10 jobs in the state.
- 80% of Oregon's agricultural products leave the state, and 40% of that moves internationally, making it critical for Oregon to maintain overseas markets.

The Issues:

- Shipping container availability for exports has reached a point that could be accurately labeled as critical. This also contributes to escalating costs. Railroads are focusing on unit train movement of hundreds of cars over long distances with little stopping in between. This "mono-method" of movement may benefit a few players with very large volumes to ship; but it severely disadvantages states like Oregon which have smaller volumes of specialty goods, primarily because the trains simply bypass us going inland and coastal directions.

- I urge Congressional passage of Free Trade Agreements (FTAs) to resolve some market access issues for Oregon agricultural exporters, particularly in Korea.
- China has placed a ban on oak and maple tree imports because of the perception of Sudden Oak Death (SOD). Our department has instituted a thorough inspection protocol for SOD, and we believe we are identifying and destroying any nursery product that may have product which would be a problem. We need assistance working with China to recognize our efforts and lift this ban on nursery products.
- Of course we are concerned with the trucking situation in relation to Mexico that has triggered high tariffs on a number of agricultural goods, significantly affecting the northwest. We urge Congress and the Administration to urgently resolve this situation.
- Mexico continues to be overzealous for insects that may appear on Christmas tree imports. Again, we have a rigorous inspection program, and we believe there are protocols for handling those situations when the rare pest is found on a tree, without creating economic chaos for Oregon shippers.
- Mexico also continues to limit importation of fresh potatoes. We believe we have product that is high quality and would provide consumers in that country with potatoes in a variety of packaging and form that meets their needs.
- Finally, Mexico retains a high tax on wine imports. Oregon produces many specialty wines on small vineyards. The import tax makes it difficult for Oregon products to compete with high volume, lower quality products from other locations.
- On to another country. Korea continues to institute a ban on fresh blueberry imports from the U.S. As a leading producer of blueberries, we ask your attention to resolving this situation.
- Our ability to export fresh chipping potatoes to Japan is limited under current trading regimes. We would like assistance in working on this opportunity as well.
- Tariffs and/or fumigation requirements make exporting fresh cherries very difficult to Japan, Korea, Australia, New Zealand, Brazil, China, EU, India, Thailand and Vietnam.

Thank, Mr. Chair and Commission members, for coming to Portland and giving us the opportunity to share key issues and concerns where we feel your assistance would help resolve trade issues, create jobs, and help the world enjoy the great products that we produce here.